

# Issues of Merit

A Publication of the Office of Policy and Evaluation, U.S. Merit Systems Protection Board

May 2001

## Director's Perspective

### Poor Performers: Focusing on Removal Misses the Big Picture

How best to deal with poor performers is one of those perennial workplace issues that generates seemingly endless debate. In the federal government the discussion frequently involves a widely held belief that it's too difficult to remove an employee whose work is unacceptable. The goal then becomes a search for policy or program revisions that would make it easier to fire such individuals. Of course, if removing workers more easily becomes a goal of legal or regulatory change, then an increase in the number of employees fired would be an indicator of the success of such a change. MSPB's research, however, suggests that focusing primarily on removal as the solution to performance problems overlooks other important parts of the bigger picture, starting with how we select employees in the first place.

I want to be clear on one point. When all else fails, the ability to remove a poor performer is essential. In fact, in enacting into law a set of merit system principles in 1978, Congress was quite clear in stating, "...employees should be separated who cannot or will not improve their performance to meet required standards." The question, therefore, is not whether it should be possible to terminate substandard public employees but rather what protections should be in place to safeguard against wrongful termination.

*(continued on page 2)*

## OPE Focus on the Facts

### Belief:

Outside the District of Columbia, the states with the highest concentrations of civilian federal employees are Washington, D.C.'s neighboring states of Maryland and Virginia.

### Fact:

According to the latest published figures (December 1998), the two states with the most civilian federal workers are California with 265,472 and Texas with 174,561. Rounding out the top five: Virginia (146,551); New York (139,425); and Maryland (130,889). Federal workers in the District of Columbia number 181,077.

Source: U.S. Office of Personnel Management, "Biennial Report of Employment by Geographic Area as of December 31, 1998." Figures include U.S. Postal Service employees.

### Job Satisfaction Among Feds Slips Slightly

According to recent data collected for MSPB's Merit Principles Survey 2000, job satisfaction among federal employees remains high, with 67 percent of surveyed workers indicating that, in general, they are satisfied with their jobs. This represents a small drop from the previous merit principles survey (1996), the results of which indicated that 71 percent of employees were generally satisfied. The latest figure showing that over two-thirds of federal workers remain satisfied with their jobs is good news. But that's not the whole story.

Ordinarily, such a small decline in the job satisfaction rate wouldn't be noteworthy. In this case, however, there are two factors that make the change interesting.

First, the level of satisfaction has remained very stable over the many years that MSPB has been tracking employee job satisfaction. Results of surveys conducted in 1989, 1992, and 1996 all showed job satisfaction levels for federal workers at 70 to 72 percent. Even during the height of federal downsizing in the mid-1990s, job satisfaction levels of federal workers

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On this latter issue, the approach taken by the state of Georgia in a major reform of the state's civil service system was direct and dramatic. Under that legislative reform (Act 816), Georgia eliminated merit system protections for all employees hired after July 1, 1996. The change was seen as a clear move towards an "at will" employment system and it's had a measurable impact. In 1995, the year before the change, 216 state employees were terminated. A few years after that change, in 1999, there were approximately 1,700 terminations.

Thought has been given to such a change at the federal level. In August 2000, the National Academy of Public Administration prepared a report, "Civilian Workforce 2020," for the Department of the Navy. The report contained a number of recommendations for modernizing the

department's human resources management. One recommendation was that the Navy seek legislative reform that would include "elimination of civil service job protections for poor performers. The new policy could be phased in by applying an 'at will' concept for new hires." The report does note that protections provided under the Hatch Act, EEO laws, and the statutory restrictions against prohibited personnel practices would still be available.

What appears to be missing from the current debate, however, is a more widely shared understanding of the strong connection between how we hire and the need to fire. A number of MSPB studies and reports since 1981 have documented the problems that can occur when federal agencies use selection practices that do a poor job of matching the requirements of the job to the qualifications of the applicants. Or, even if good selection tools are available, a less than optimum match

can occur when a selecting official unduly limits the size of the applicant pool through an inadequate recruitment effort. Nothing in our research suggests that managers do not want to make good hires—they do. Rather, the desire to hire quickly with a minimal expenditure of resources can easily conflict with the goal to hire—or promote—candidates who demonstrate the greatest potential for good performance. Certainly, other factors enter into this equation as well—compensation practices, training and development opportunities, and performance management approaches among them. The point is that when looking at the issue of poor performance we need to see the big picture. Merely looking for ways to fire more employees is not the answer.

*John M. Palguta*  
Director, Policy and Evaluation

## Employee Satisfaction *(continued from page 1)*

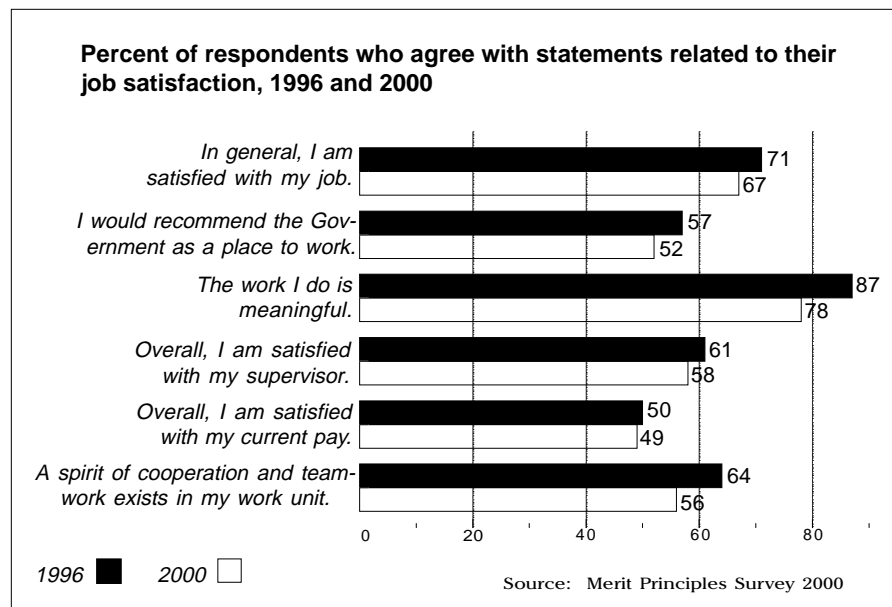
remained the same, so this decline, small though it is, deserves some attention. The table at the end of this article shows survey results over the past decade.

The second factor that makes this survey result interesting is that satisfaction levels in several areas related to job satisfaction also show a decline. The 2000 survey contained items about satisfaction with supervisors and pay, workplace atmosphere, and other issues that can affect employees' attitudes towards their jobs. As the figure (right) shows, the survey found a decline in the positive responses of survey participants for every one of those items.

These survey results do not prove that federal employees are so dissatisfied that they're ready

to leave, but in view of the alarms being raised these days about the human capital crisis in government,

they shouldn't be ignored. GAO recently estimated that—depending *(continued on page 3)*



on the agency—from 24 to 50 percent of agency workforces will be retirement-eligible within the next five years.

That news, coupled with the job satisfaction data we've collected, adds a bit of fuel to the fire of concern about the possibility of personnel losses hampering agency mission accomplishment.

The satisfaction figures don't represent a situation that calls for panic, of course, but certainly these are numbers that bear watching.

**Percent of respondents who agreed with the statement "In general I am satisfied with my job."**

| Year |    |
|------|----|
| 1989 | 70 |
| 1992 | 72 |
| 1996 | 71 |
| 2000 | 67 |

Source: Merit Principles Surveys 2000, 1996, 1992, 1989

## Probationary Period As Assessment Tool

Do federal managers and supervisors use the probationary period wisely? To help us examine that question, we've taken a look at recent use of this post-appointment assessment tool. At the end of this article we'll tell you what we learned, but first let's look at why you should be interested in this tool and how it's used.

Managers participating last fall in focus group interviews for an MSPB study on selection methods pointed out a dilemma they face in tight labor markets: striking the proper balance between using the best employee selection tools and hiring quickly. While recognizing that hiring should be based on merit, these managers stressed that often they have few candidates for their vacancies. Those are the

**As of December 2000, some 169,723 individuals were employed by the federal government in engineer and scientist positions. That's about 10 percent of the total full-time permanent federal workforce.**

Source: U.S. Office of Personnel Management, Central Personnel Data File

**It's a fact**

times managers believe it's not practical to assess the candidates beyond the point of establishing that they are basically qualified. The managers we talked to characterized further candidate assessment as "overkill," only likely to result in losing the candidates to competing employers before the federal assessment process can be completed.

These observations reflect a reality of hiring during periods of full employment. A 2000 research report prepared by the American Management Association indicates that businesses increasingly are making similar adjustments to their assessment practices as labor market conditions change.

When managers have to hire quickly it's especially important to use the probationary period for its intended purpose. The probationary period allows managers and supervisors a final opportunity to be sure they made good selections before new employees gain job protections such as appeal rights. As the final phase of the assessment process, the probationary period has always been important. In times of full employment, when the candidate pool may be too shallow to warrant multiple pre-employment assessment tools, the probationary period takes on added importance. It stands as a final protection against poor selections made under such difficult hiring conditions, and as such, preserves the principle of merit in hiring.

So how often do managers take advantage of this "final protection?" To obtain an answer, we calculated the probationary termination rates for permanent new hires during 3 fiscal years and got the results shown in the table below.

**Terminations during the probationary period**

| Fiscal Year | Probationary Termination Rate | Number of Employees Terminated |
|-------------|-------------------------------|--------------------------------|
| 1993        | 4 percent                     | 1,425                          |
| 1998        | 6 percent                     | 2,306                          |
| 1999        | 6 percent                     | 2,515                          |

Source: OPM Central Personnel Data File

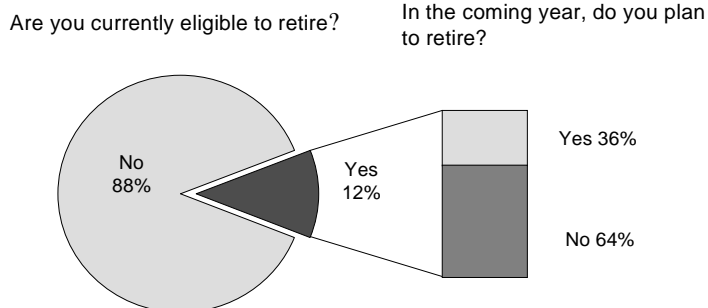
Going back to our original question, we admit that we're not yet sure if the probationary period is used wisely. However, that 6 percent termination figure tells us that in recent years federal managers and supervisors have become less reluctant to use this assessment tool.

For more information on the importance of the probationary period and its relationship to other forms of assessment, watch later this year for the Board's report on employment assessment tools.

## Why Do Retirement Eligibles Leave When They Do?

How many federal employees are planning to retire from  
(continued on page 4)

**Figure 1. Currently Eligible to Retire**



Source: MSPB Merit Principles Survey 2000, questions 48 and 51

their government jobs in the near future and why are they leaving? These are questions very much in the news lately as agency managers anticipate the movement of large numbers of baby boomers into the “retirement-eligible” category. Of course, no one knows for sure how many of those “eligibles” will actually retire, but we do know that there’s the potential for serious consequences for agencies that don’t plan for possible workforce shortages and skill imbalances.

Effective workforce planning requires, among other things, knowing how many retirement-eligible employees actually intend to retire. It can also include knowing why employees decide to retire and taking appropriate steps wherever possible to retain high-performing workers whose skills are needed. To shed some light on these issues, we asked a representative sample of federal employees to respond to a series of survey questions about their retirement plans.

As figure 1 (above) shows, 12 percent of our survey respondents were eligible for retirement at the time of the survey. Of these eligibles, slightly more than one-third (36 percent) said they planned to retire in the coming year.

retire. Figure 2 (below) shows the top ten factors that are important in a decision to retire. By far, the most frequently cited reason (73 percent) was nonwork interests. This is not something a supervisor is likely to have much control over, except for possibly setting up flexible or part-time working arrangements that give employees more time to pursue their nonwork

To assist managers in motivating and possibly retaining employees planning to retire, we asked our survey respondents to tell us what factors are most important in their decision to

interests while remaining employed.

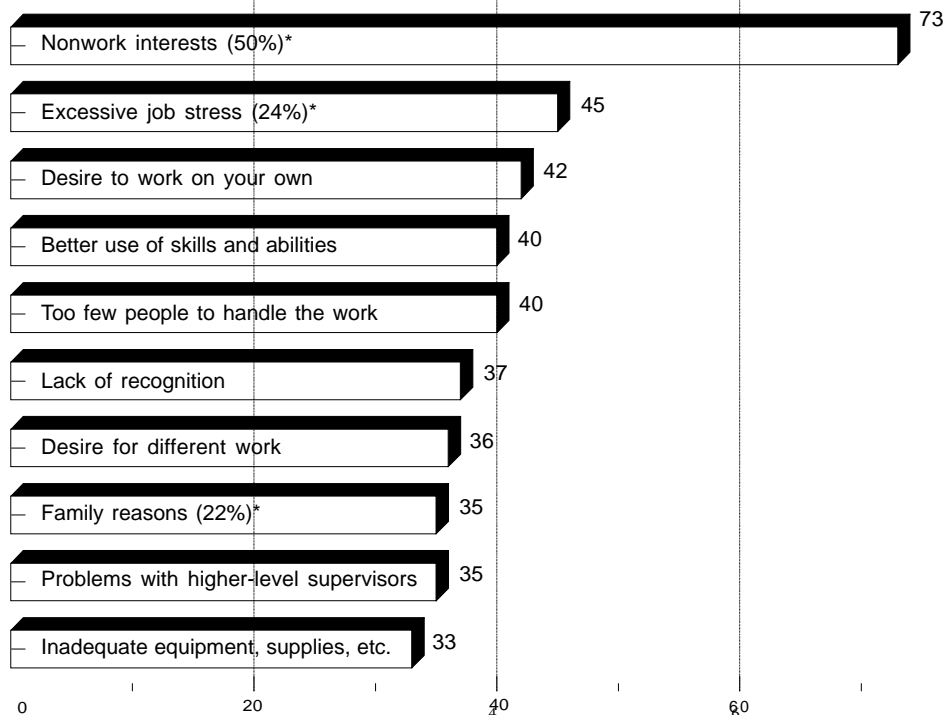
Excessive job stress was cited as the second most important reason for planning to retire, with 45 percent of the retirement-eligible survey participants rating it important or very important. Other reasons rounding out the top 5 included: desire to work on your own (42 percent), better use of skills and abilities (40 percent), and insufficient number of employees to do the work (40 percent).

The emergence of the factor “insufficient employees to do the work” and “excessive job stress” among the top five reasons for retiring raises the question of whether the two might be related. Closer examination shows that respondents who plan to retire and who cited excessive job stress as a reason were more likely than others to report that their work unit did not have enough employees.

Specifically, among those who cited

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**Figure 2. Top ten reasons to retire**  
(percentage of survey respondents who said the reason was important or very important in their decision to retire)



Source: MSPB Merit Principles Survey 2000, questions 53A and 53B

Note: Percentages in parentheses indicate respondents who marked these items when asked to select the three most important reasons in their decision to retire.

stress as a reason to retire, 68 percent said that their work unit did not have enough employees to do the work. When stress was not named as a factor, just 41 percent made that claim.

Our survey findings suggest it might be wise to monitor the relationship between excessive job stress and the number of employees available to do the work. If the levels of job stress increase as employees begin to retire from the work unit, a vicious cycle could ensue, with the rate at which retirement eligibles choose to retire increasing, further raising the stress levels of those who remain and driving still others to opt out. An important additional consideration in such situations is that significant job stress also can result from factors other than insufficient staff to do the work. For example, when employees are suddenly tasked to do work for which they are ill-prepared and untrained, stress levels can rise.

## How Much Does the Federal Merit Promotion Process Cost?

In conjunction with our current study of the federal merit promotion process, we wanted to put a price tag on the tasks that go into a typical merit promotion action. In order to do this, we asked the respondents to surveys we administered as part of the study to tell us whether they had participated in any of a number of merit promotion tasks during the preceding 2 years. If the survey participants had engaged in these tasks, we also asked them how often they did so and, on average, how much time they spent on each task. The chart at the right shows the results of that inquiry. (We did not capture the amount of time spent by people in personnel offices working on these tasks or the amount of time supervisors spent

applying for jobs.)

We also obtained from OPM the average number and grade of both supervisory and non-supervisory full-time permanent federal workers for fiscal years 1999 and 2000. We found that during that period the government employed an average of about 176,670

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*Adding together the estimates for supervisors and non-supervisors brings the average cost of the merit promotion process to about \$238 million a year.*

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supervisors and 1,082,000 non-supervisors in white-collar positions. Based upon these numbers we calculated that non-supervisory employees had spent a total of 10,460,774 hours during the preceding 2 years working on merit promotion-related tasks. At 2,087 working hours in a year, that amounts to 5,012 staff years spent on these tasks over a 2-year period. That's a government average of 2,506 staff-years per year devoted to merit promotion activities.

Based on an average grade of 9.46 for non-supervisory white-collar federal employees, the average expenditure associated with the 2,506 staff-years spent on merit promotion-related tasks translates to about \$103 million per year. It should be noted that although

employees normally are not supposed to be applying for other jobs during their official working hours, we understand that some employees spend time at work completing application materials, especially when applying for jobs in their own organizations. However, we have *not* included the costs associated with this activity in our calculations; therefore, our cost estimates may be conservative.

Similar calculations performed for supervisors reveal that over a 2-year period, they spent a total of 8,914,413 hours, or 4,271 staff-years, on merit promotion-related tasks. That's about 2,135 staff-years per year spent by federal supervisors on these tasks. Since the average grade for white-collar supervisors is 12.6, this amounts to about \$135 million per year. Adding together the estimates for supervisors and non-supervisors brings the average yearly cost of the merit promotion process to about \$238 million. And as noted earlier, this estimate does not include the cost of administrative support provided by the human resources office or the time that supervisors and nonsupervisory employees may have spent preparing their own job applications. It also does not include the time it took supervisors to obtain approval to fill their vacancies.

Our report on the results of the merit promotion study is expected to be published this summer.

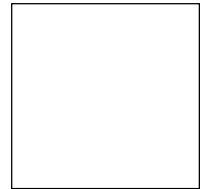
| Time spent on merit promotion tasks during preceding two years |  |   |                                     |                          |
|--|--|---|-------------------------------------|--------------------------|
|  | Percent of workforce that performed task | Average no. of times task was performed | Average time spent per task (hours) | Total time spent (hours) |
| <b>Non-Supervisory Employees</b>                               |  |   |                                     |                          |
| Completing job applications*                                   | 48                                       | 3.6                                     | 6.9                                 | 24.8                     |
| Conducting job analyses  | 16                                       | 2.4                                     | 9.3                                 | 22.3                     |
| Developing crediting plans                                     | 11                                       | 2.4                                     | 5.9                                 | 14.2                     |
| Rating job applicants  | 16                                       | 2.0                                     | 6.7                                 | 13.4                     |
| Interviewing applicants  | 14                                       | 2.9                                     | 5.9                                 | 17.1                     |
| <b>Supervisors</b>   |  |   |                                     |                          |
| Conducting job analyses  | 44                                       | 2.8                                     | 7.1                                 | 19.9                     |
| Developing crediting plans                                     | 39                                       | 2.7                                     | 5.9                                 | 15.9                     |
| Rating job applicants  | 53                                       | 2.8                                     | 7.9                                 | 22.1                     |
| Interviewing applicants  | 76                                       | 3.6                                     | 8.7                                 | 31.3                     |

\*This activity was not included in calculating the cost of merit promotion.





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- ☐ Restoring Merit to Federal Hiring: Why Two Special Hiring Programs Should Be Ended
- ☐ The Role of Delegated Examining Units: Hiring New Employees in a Decentralized Civil Service
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- ☐ Civil Service Evaluation: the Evolving Role of the U.S. Office of Personnel Management
- ☐ Federal Supervisors and Strategic Human Resources Management
- ☐ The Changing Federal Workplace: Employee Perspectives
- ☐ Adherence to the Merit Principles in the Workplace: Federal Employees' Views
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- ☐ OPM 20-year retrospective
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- ☐ Selection tools used in federal hiring
- ☐ Governmentwide Merit Principles Survey 2000
- ☐ Presidential Management Interns
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"Issues of Merit" provides findings and recommendations drawn from MSPB research on topics and issues relevant to the effective operation of the federal merit systems and the significant actions of the Office of Personnel Management.